

ORIGINAL

OPEN MEETING



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MEMORANDUM DOCKETED

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TO: THE COMMISSION

AUG 30 2007

2007 AUG 30 A 11: 08

FROM: Utilities Division

DOCKETED BY

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: August 30, 2007

RE: ARIZONA PUBLIC SERVICE COMPANY – APPLICATION FOR APPROVAL OF CHANGES TO ITS SCHEDULE 1 WITH RESPECT TO DISCOUNTS RELATED TO ITS SUREPAY AND AUTOPAY PAYMENT OPTIONS (DOCKET NOS. E-01345A-05-0816, ~~E-01345A-05-0825~~ AND E-01345A-05-0827)

On July 26, 2007, Arizona Public Service Company (“APS”) filed an application for approval of changes to its Schedule 1 reflecting discounts for customers who utilize the SurePay and AutoPay payment options. SurePay is the APS automatic payment program and AutoPay is the on-line version of SurePay.

Decision No. 69663 ordered APS to file, for Commission approval, a tariff providing for a monthly discount of at least \$0.48 to be given to those customers who participate in automatic payment plans. APS’ Schedule 1 contains provisions about automatic payment plans. In the above-referenced application, APS proposed new language for Section 4.3.3 of Service Schedule 1 regarding this discount, reading as follows:

“Where Company is responsible for rendering the customer’s bill, Company will provide a monthly incentive of \$0.48 per customer for customers who elect to pay their bills using the Company’s offered electronically transmitted payment options AutoPay, SurePay or similar programs.”¹

Staff recommends that APS include information about the discounts in all of its marketing materials on SurePay and AutoPay. APS markets SurePay and AutoPay through: (i) its website; (ii) the Lifestyles and APS newsletters; (iii) an annual APS letter; (iv) monthly bills; (v) email and direct mail campaigns; (vi) the APS call center; and (vii) APS offices.

In a cost-benefit analysis conducted pursuant to Decision No. 67744, APS calculated savings of \$0.48 resulting from each APS customer utilizing SurePay or AutoPay. APS has updated its original analysis to indicate savings of \$0.45 per customer, a \$0.03 decrease in savings per customer since the original analysis. The decrease in savings arises primarily from decreases in the cost of processing payments through methods other than SurePay and AutoPay, including payments made at APS business offices and through the mail.

¹ With respect to wording, Staff recommends that “offered” be deleted from the third line, to improve clarity and reduce redundancy. In its response to Staff’s data request on this issue, APS agreed to the deletion.

THE COMMISSION

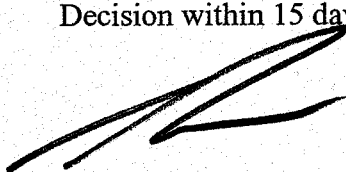
August 30, 2007

Page 2

Staff recommends that APS' proposed changes to its Schedule 1 related to its SurePay and AutoPay payment options be approved, with deletion of the word "offered."

Staff also analyzed this application in terms of whether there were fair value implications. Compared to APS' total revenues, any impact from these proposed tariff changes would be de minimus, and any impact on APS' fair value base rate and rate of return would also be de minimus.

Staff has also recommended that APS file tariff pages consistent with the terms of the Decision within 15 days from the effective date of the Decision.


Ernest G. Johnson
Director
Utilities Division
EGJ:JKM:lm\CCK

ORIGINATOR: Julie McNeely-Kirwan

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BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
KRISTEN K. MAYES
Commissioner
GARY PIERCE
Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY – APPLICATION FOR
APPROVAL OF CHANGES TO ITS
SCHEDULE 1 WITH RESPECT TO
DISCOUNTS RELATED TO ITS SUREPAY
AND AUTOPAY PAYMENT OPTIONS

DOCKET NOS. E-01345A-05-0816
E-01345A-05-0826
E-01345A-05-0827

DECISION NO. _____
ORDER

Open Meeting
September 18 and 19, 2007
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company (“APS”) is engaged in providing electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.
2. On July 26, 2007, Arizona Public Service Company (“APS”) filed an application for approval of changes to its Schedule 1 reflecting discounts for customers who utilize the SurePay and AutoPay payment options. SurePay is the APS automatic payment program and AutoPay is the on-line version of SurePay.
3. Decision No. 69663 ordered APS to file, for Commission approval, a tariff providing for a monthly discount of at least \$0.48 to be given to those customers who participate in automatic payment plans. APS’ Schedule 1 contains provisions about automatic payment plans. In the above-referenced application, APS proposed new language for Section 4.3.3 of Service Schedule 1 regarding this discount, reading as follows:

...

1 “Where Company is responsible for rendering the customer’s bill, Company will
2 provide a monthly incentive of \$0.48 per customer for customers who elect to pay
3 their bills using the Company’s offered electronically transmitted payment options
AutoPay, SurePay or similar programs.”¹

4 4. Staff has recommended that APS include information about the discounts in all of
5 its marketing materials on SurePay and AutoPay. APS markets SurePay and AutoPay through: (i)
6 its website; (ii) the Lifestyles and APS newsletters; (iii) an annual APS letter; (iv) monthly bills;
7 (v) email and direct mail campaigns; (vi) the APS call center; and (vii) APS offices.

8 5. In a cost-benefit analysis conducted pursuant to Decision No. 67744, APS
9 calculated savings of \$0.48 resulting from each APS customer utilizing SurePay or AutoPay. APS
10 has updated its original analysis to indicate savings of \$0.45 per customer, a \$0.03 decrease in
11 savings per customer since the original analysis. The decrease in savings arises primarily from
12 decreases in the cost of processing payments through methods other than SurePay and AutoPay,
13 including payments made at APS business offices and through the mail.

14 6. Staff has recommended that APS’ proposed changes to its Schedule 1 related to its
15 SurePay and AutoPay payment options be approved, with deletion of the word “offered.”

16 7. Staff also analyzed this application in terms of whether there were fair value
17 implications. Compared to APS’ total revenues, any impact from these proposed tariff changes
18 would be de minimus, and any impact on APS’ fair value base rate and rate of return would also be
19 de minimus.

20 8. Staff has also recommended that APS docket tariff pages, as a compliance item in
21 this matter, consistent with the terms of this Decision within 15 days from the effective date of this
22 Decision.

23 CONCLUSIONS OF LAW

24 1. APS is an Arizona public service corporation within the meaning of Article XV,
25 Section 2, of the Arizona Constitution.

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28 ¹ With respect to wording, Staff recommends that “offered” be deleted from the third line, to improve clarity and
reduce redundancy. In its response to Staff’s data request on this issue, APS agreed to the deletion.

1 2. The Commission has jurisdiction over APS and over the subject matter of the
2 application.

3 3. Approval of the proposed tariff revisions does not constitute a rate increase as
4 contemplated by A.R.S. Section 40-250.

5 4. The Commission, having reviewed the application and Staff's Memorandum dated
6 August 30, 2007, concludes that it is in the public interest to approve the proposed tariff revisions
7 related to the SurePay and AutoPay discounts.

8 ORDER

9 IT IS ORDERED that APS' proposed changes to its Schedule 1 related to its SurePay and
10 AutoPay payment options be approved, with deletion of the word "offered", as discussed herein.

11 IT IS FURTHER ORDERED that APS include information about the discounts in all of its
12 marketing materials on SurePay and AutoPay as discussed herein.

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1 IT IS FURTHER ORDERED that APS docket tariff pages, as a compliance item in this
2 matter, consistent with the terms of this Decision within 15 days from the effective date of this
3 Decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN

COMMISSIONER

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12 COMMISSIONER

COMMISSIONER

COMMISSIONER

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14 IN WITNESS WHEREOF, I DEAN S. MILLER, Interim
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto, set my hand and caused the official seal of
17 this Commission to be affixed at the Capitol, in the City of
18 Phoenix, this _____ day of _____, 2007.

19 _____
20 DEAN S. MILLER
21 Interim Executive Director

22 DISSENT: _____

23
24 DISSENT: _____

25 EGJ:JMK:lhmcCK
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1 SERVICE LIST FOR: ARIZONA PUBLIC SERVICE COMPANY
2 DOCKET NOS. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

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